Why Unglamorous Entrepreneurial Opportunities Can Be Lucrative

Oftentimes, profitable business ideas are far from the most attractive.

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While many entrepreneurs dedicate their time and energy to trying to create something “exciting” and “buzzworthy,” the reality is that many of the most successful startups originate with a relatively unglamorous idea. Just consider ride-sharing firms Uber and Lyft. Though the companies have lost some market value since going public, they are both worth billions. And when you step back to think about it, ride-sharing is essentially a gig economy version of a taxi service. However, their success is just one example of a recurring entrepreneurial truth: You don’t have to chase down a “glamorous” idea to change the market or turn a profit. Here’s why.

Easier Financing

Many startups rely on getting money from a venture capitalist firm because they have big ideas that require a lot of funding. This also occurs in part because many banks view many startup endeavors as being too high-risk, and as a result, they are unwilling to provide a loan. However, banks tend to be more willing to provide an SBA loan to businesses with less risk. Industries like construction or web design may not be as

exciting, but they have an established history of being able to turn a profit. This way, you can continue to shape the direction of your company as you see fit and maintain ownership. While there are certain factors that can keep you from qualifying for an SBA loan, it is much easier to navigate a loan approval than it is pitching to potential investors.

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Sharper Focus

Exciting entrepreneurial ideas can be very hit or miss. You might launch the next Apple or Google, but you could very easily create something that there is no interest for. In fact, an analysis of more than 100 startup failures by CB Insights found that creating a product or service for which there was "no market need" was the top reason why startups fail, contributing to 42 percent of all failures. A "boring" idea may not seem as innovative, but it is much easier to gauge whether there is already a market for it.

To get further insight on this, I reached out via email to Jeremy Axel, partner at RecyclingBalers.com, which sells compactors and recycling balers – hardly a glamorous niche – and has secured business with well-known brands such as Amazon, Pepsi, Kohl's, Hanes and Nestle.

"We know that many companies need compactors and balers to deal with their waste," he explained. "Rather than try to create something completely new, we decided to simply improve upon the way these companies bought their equipment. Iterating on a proven concept made it easy to start making a profit right away."

Naturally, achieving success in this area requires that you do your research. Look at industries, products or services that interest you and evaluate the current pain points in the market. Quite often, even a seemingly minor differentiator,

such as better technology integration or superior service, will get your startup ahead of the competition.

Financial Security

While most unglamorous industries don’t present the potential of becoming as lucrative as the world’s biggest brands, they do offer a greater likelihood of ongoing, steady income. When you start a business for which there will always be a need, you’ll be more likely to enjoy consistent revenue and be able to sell your company for a profit should you decide to leave.

For example, data from BizBuySell’s 2018 Insight Report shows that concrete businesses had a median sales price of $1.2 million, while rubber and plastic-products manufacturers sold at a median price of $1.05 million. Landscaping and yard-service businesses enjoyed a median annual revenue of over $350,000, while staffing agencies saw median revenue reach an impressive $1.15 million.

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There is still a risk for failure with any of these business models, and they may not grab as many headlines, but they could very easily set you on the course for becoming a millionaire. With a sound business plan and smart financial management, you don’t have to come up with an “exciting” idea to start turning a profit and deliver quality, long-term results.

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